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| | 1913 | 1925 | 1929 | 1933 | 1936 | 1937 |
|---|---|---|---|---|---|---|
| Agricultural .. | 100 | 125 | 114 | 57 | 71 | 80 |
| Industrial .. | 100 | 198 | 133 | 107 | 117 | 125 |

(E. Hertz, *The Economic Problem of the Danubian States*, London, 1947, p. 194)

The same phenomenon was expressed some time before World War II by a Croatian peasant speaking thus to an English investigator:

'Life is getting more and more difficult. The prices we can obtain are so very low. Look, before 1914 I could get two pair of boots for a hundredweight of wheat. Today I must give two hundredweights of wheat in exchange for one pair of boots. For one kilogram of nails, I must give one kilogram of wool. When I sold a sheep before 1914, I could buy fifty metres of cottons in exchange. Now I cannot get fifty metres of cotton-stuff even for four sheep.

'Things are no better on the coast of Dalmatia either. Before 1914 they could get a suit of clothes for a hectolitre of wine. Today they must give three hectolitres of wine for a suit. Before 1914 they could get ten boxes of matches for a litre of wine, today they must give a litre of wine for every single box.' (P. Lamartine Yates and D. Warriner, *Food and Farming in Post-War Europe*, London, 1943, p. 28).

High taxation added to the difficulties of the mass of peasants in Eastern Europe.

Last but not least, there was the burden of debts, a result of the poverty of the peasants and a very important contribution to it.

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There are two main groups of countries today whose agricultural populations enjoy a relatively high standard of living—on the one hand the corn and meat producing countries with large, highly mechanized farms (U.S.A., Canada and Australia), and on the other hand, countries like Denmark, Switzerland, Holland and Belgium which go in for intensive production of dairy products, meat and vegetables. In both cases only 20-30 per cent of the whole population is engaged in agriculture, the well-organised and highly developed agriculture being the accompaniment of an advanced industrial organization. The highly mechanized, extensive producers are dependent on a huge, world-wide market, the intensive producers are dependent on the existence of an urban population

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with a high standard of living which is able to pay good prices for the dairy products, meat, eggs, etc. (Thus the prosperity of Holland and Denmark depends on the prosperity of the urban population in Britain). In Eastern Europe the growth of grass and root crops is made difficult by the dry climate, and so, intensive production of meat, as in Denmark, Holland, Eire, England, etc., is impossible. But this does not preclude the production of milk and the raising of pigs. In some areas, there are excellent natural conditions for specialised crops, e.g., in Bulgaria and Serbia for tobacco and grapes. Other areas—and these form the greater part of Eastern Europe—are more suitable for growing corn, which could be done on the American model with tractors and combine harvesters, instead of with draught animals whose feeding takes up a lot of the arable land. In many places the best results could be achieved by mixed farming, combining mechanized corn growing with intensive production of milk, pigs, vegetables and fruits. But however agriculture develops in this area, experience has shown that the decisive factor in raising the standard of living in the countryside is the accessibility of expanding urban markets. No raising of the rate of agricultural production, no improvement in the standard of living is possible without rapid industrialisation, which will enable the surplus agricultural population to be absorbed, will provide a market for agricultural products and will supply agricultural implements and machinery as well as industrial consumption goods for the peasants. In addition the peasants need 'cheap government' and a cheap marketing system.

### *Problems of Industrial Development*

If Eastern Europe is to be industrialised, large amounts of capital will be needed, which can be estimated by considering the number of people to be absorbed into industry. Obviously any such calculation can be only approximate and be put forward by way of illustration.

First there is the surplus population in agriculture. W. E. Moore calculated this by estimating what was a 'reasonable' European standard of agricultural population. The result was as follows :